E-ISSN: 2708-4523
P-ISSN: 2708-4515
AJMC 2025; SP-6(2): 114-119

www.allcommercejournal.com
Received: 20-04-2025
Accepted: 23-05-2025

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Two-Days National Conference on Multidisciplinary Approaches for Innovation and Sustainability: Global solution for contemporary Challenges-NCMIS (DPG Degree College: 17th-18th 2025)

Navigating the green shift in sustainability reporting within India's power sector

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DOI: https://www.doi.org/10.22271/27084515.2025.v6.i2Sb.638

Abstract
There has been an evolving landscape of sustainability reporting, which sheds light on the fundamental shift signified amongst business ideals. The emergence of sustainable companies challenges the traditional notion of corporations as solely economic entities and advocates for a holistic approach that balances purpose and profit. This paradigm change promotes a deeper commitment than traditional CSR activities by encouraging firms to participate as change agents in society and the environment.
Governments, business associations, and advocacy groups must provide incentives and formally acknowledge companies that align their objectives with social and environmental responsibilities. The study also highlights the transformative impact of sustainability reporting on the business world. The research suggests that sustainability reporting is a proactive approach for businesses to manage risks, draw in investors, improve financial performance, and make a beneficial impact on the environment and society, rather than just being a compliance requirement.
The study concluded that sustainability reporting has multiple benefits for the Indian power sector, including establishing a clear roadmap for long-term growth and strengthening connections with stakeholders. Power firms can satisfy investor and regulatory requirements while significantly improving the socio-environmental well-being of the communities they serve by incorporating sustainability considerations into their corporate plans. The research underscores the crucial role of sustainability reporting in strengthening the resilience of power companies in an ever-evolving business sector.

Keywords: Power sector, sustainability reporting, reporting indices, CSR, ESG indicators, sustainable business practices

Introduction
In response to growing environmental and social challenges, businesses in India are increasingly seen as crucial drivers of sustainability. Standardized ESG reporting, through frameworks like the Business Responsibility and Sustainability Report, has significantly increased transparency and accountability, providing stakeholders with insights into companies' societal and environmental impact. This reporting enables businesses to communicate their ESG performance, offering a comprehensive view of their sustainability strategies and supporting informed decision-making (2024). India's adoption of the BRSR Core framework positions it as a leader in creating credible and transparent sustainability reporting standards (Global, 2024). As awareness of climate change rises, consistent and transparent reporting becomes ever more critical, equipping companies to disclose their non-financial performance and contribute to a more sustainable business environment (2024; Naimy *et al*., 2021) [12].
Sustainability reporting shows companies' commitment to social and environmental responsibility. The research outlines advantages of sustainability reporting, including enhanced brand value, increased market share, global reach, improved reputation and goodwill, ecological impact reduction, prioritizing workers' well-being, community benefits, talent attraction, and legal commitment to stakeholders. This study adds to study by CEEW, green finance centre which conclude involved interest of investors in sustainable business practices, making non-financial performance data increasingly important for investment decisions (2024). Also, ESG simplifies the problem of reporting framework selection using a unified, transparent reporting format, which all companies will need to adopt (Global, 2024).

This reporting has emphasized the need for businesses to act as change agents by prioritizing society, the environment, and all stakeholders over financial shareholders, addressing critical global challenges through a comprehensive socially responsible approach.

Enterprises actively try to improve the world around them rather than focusing just on maximising profit. Sustainability reporting has become an important practice for power companies worldwide, giving a framework for transparently communicating their environmental, social, and governance (ESG) performance. The impact that sustainability reporting indicators have on power firms is examined in this study. These indicators help ensure ethical corporate conduct and foster confidence with stakeholders.

Review of Literature

- Shrivastava, P., & Addas, A. (2014) [10] use Bloomberg ESG data investigate the relationship between corporate governance and sustainability. Building on the work of Aras & Crowther (2008) and Eccles *et al*. (2012), the authors investigate the relationship between governance traits and sustainability performance in S&P 100 businesses. Initial results show that governance elements like board independence and attendance have a favourable impact on ESG and environmental disclosures. The study reveals that many organizations with climate policies fail to appropriately handle climate change risks or opportunities, highlighting a gap between declared intentions and actual performance.
- Motwani and Pandya (2016) [7] investigated how Sustainability Reporting (SR), in conjunction with other factors, affects a company's profitability. Specifically, their study evaluated the extent to which the sustainability measures of the firm affect its profitability. The sample of study consisted of 103 companies listed on NSE and study period spanned from 2009-2015. Findings of the multiple regression analysis indicated that corporate governance reporting practice has significant positive impact on firm's return on shareholders' equity to some extent.
- Study conducted by Amedu, J. M., Iliemena, R. O., & Umaigba, F. T. (2019) [2] on the Value relevance of sustainability reporting in Nigerian manufacturing companies examined the influence of CSR on shareholders' returns. Sustainability reports of 46 sampled companies were considered from the period 2012 to 2021. Study concluded that labour practices have a negative influence on shareholders' return on investment while human rights practices and customer health and safety practices both have positive influence on shareholders' return on investment.
- Iliemena, Rachael. (2020) [5] investigated the impact of Environmental Accounting Practices on the Performance of Listed Oil and Gas companies of Nigeria. A study was conducted using sustainability reports of sample companies from 2012-2018. Findings reveal environmental accounting practices have significant positive effects on both turnover and return on capital employed; while the effect on net profit, even though positive, was insignificant. The study concluded that environmental accounting has a significant positive effect on the corporate performance of practicing companies. It is therefore recommended, amongst others, that corporate organizations should extend their management accounting and financial reporting systems to environmental accounting and ensure long-run corporate sustainability.
- Sheveleva, G. I. (2022) [9] investigates the dynamics of corporate governance in the Russian electric power sector, with a particular emphasis on property redistribution and regional and wholesale corporations' compliance with the Russian Corporate Governance Code. It draws attention to problems like the concentration of state property, governance infractions, and disparities between high- and low-performing businesses. To improve the sector's business practices and investment appeal, the report suggests increased governance norms that are in line with ESG principles.
- Agrawal, V. (2023) [1] studied ESG initiatives practiced by Indian companies and concluded that the consideration and adoption of Environmental, Social, and Governance (ESG) principles in India highlights a transformative shift in the corporate landscape.
- Motwani, A., & Gupta, R. (2023) [8] conducted a study on usage of Environmental Dimension Disclosures (EDD) by large Indian energy corporations (oil and gas, coal, and power) in their Business Responsibility and Sustainability Reports. The study investigates on BRSR reports (2021-2022) presented to NSE to reflect environmental-related problems using content analysis. The study emphasized on energy and water intensity, greenhouse gas emissions, and waste output to turnover in reports. It concluded that BRSR reporting has improved transparency, especially in disclosing positive outcomes. Researchers suggested that optional disclosures should be made mandatory and independently audited for greater accountability, especially in high-impact sectors like oil and coal.
- Singh, G., Godha, A. (2024) [11] gave an overview of B-Corporations as a new initiative For Sustainability. The researchers opined that B-Corps have been urging businesses to be both economically successful and purpose-driven. They also suggested the need for collaboration among Governments, consumers, and businesses to promote, legitimise, and disseminate the B-Corp concept at global level.
- Derj, A., Bami, A. & others (2025) [3] used stakeholder, agency, and resource dependence theories to examine the governance practices of Alpha and Beta in the energy industry about ESG integration. Alpha performed better than Beta in governance structure, board effectiveness, ESG reporting, and stakeholder involvement, according to the results, which were based on ESG ratings. The study concludes by emphasizing the importance of strong governance, matched incentives, and strategic resource management in ensuring sustainable growth.
- Hussien, L. F., Alrawashedh, N. H., Deek, A., Alshaketheep, K., Zraqat, O., Al-Awamleh, H. K., and Zureigat, Q. (2025) [4] investigated the impact of Corporate Governance in sustainable performance disclosure in Jordan's energy industry. Using panel data from 12 companies from 2019 to 2023 and fixed-effect regression models, it analyzes corporate governance factors. Findings reveal that board size, independent directors, audit committees, and gender diversity positively influence sustainable performance disclosure,

whereas CEO duality harms sustainability performance disclosure.

Objectives

1. To analyse the sustainability reporting applicable to listed companies in India.
2. To identify key sustainability indicators in the power sector.
3. To review the significance of sustainability reporting in the power sector.

Methodology

Data is collected from secondary sources like annual reports, sustainability reports, industry publications, and academic journals.

Scope

- The study is restricted to provisions related to sustainability and its application to power companies in India
- Data for the period 2022-2023 and 2023-2024 is considered for the study.

Findings

A. Sustainability reporting applicable

Sustainability reporting is a thorough framework that evaluates a business's performance in four important areas: governance, social responsibility, and the environment. The environmental component of a business focuses on how it affects the environment, including its carbon footprint, resource usage, and conservation initiatives. Social considerations encompass a company's relationships with its employees, communities, and broader society, evaluating factors such as labour practices, diversity and inclusion, and community engagement. Governance evaluates the quality of a company's internal controls, leadership structure, and adherence to ethical and legal standards.

The development of human capital, social fairness and equity, environmental preservation, and economic viability are all essential elements of sustainability. It highlights how high levels of environmental deterioration and socioeconomic disparities cannot coexist with long-term, steady growth. The dedication of businesses to proven social and environmental performance portrays them as agents of societal well-being. The paper discusses a paradigm shift in corporate practices, highlighting companies' investments in social and environmental initiatives alongside their growth. Strategies employed by these businesses include actively seeking to improve the world, treating stakeholders with respect, and developing goods and strategies that advance social and environmental well-being.

Fig 1: Sustainability Reporting aspects in power sector

Environmental, Social, and Governance reporting has emerged as a strategic imperative for companies worldwide. In an era marked by increasing awareness of sustainability issues, heightened corporate responsibility, and evolving stakeholder expectations, ESG reporting is not merely a compliance requirement but a proactive strategy for long-term success. This note delves into the significance of ESG reporting, its impact on corporate strategies, and the broader implications for sustainable business practices.

One of the primary drivers behind the emergence of ESG reporting is the growing demand for transparency and accountability. Stakeholders, including investors, customers, employees, and regulators, are increasingly seeking more than just financial performance data. They want insight into how companies manage their impact on the environment, treat their workforce, and uphold ethical standards. ESG reporting provides a structured and standardized way for companies to communicate their efforts and progress in these areas.

Companies are recognizing that ESG factors are material to their long-term success. Beyond meeting regulatory requirements, ESG reporting serves as a strategic tool for risk management and value creation. Environmental risks, such as climate change and resource scarcity, can pose significant challenges to business operations. Social risks, including labour disputes and community relations, can impact a company's reputation and social license to operate. Governance failures can lead to legal and financial repercussions. By systematically assessing and reporting on these factors, companies can identify and mitigate risks, enhancing their resilience in a rapidly changing business landscape.

ESG reporting also aligns with the evolving expectations of investors. Institutional investors are integrating ESG considerations into their investment decisions. They recognize that a company's sustainability performance is indicative of its ability to create long-term value. As a result, ESG reporting has become a tool for attracting and retaining investors who prioritize ethical and sustainable business practices. Moreover, ESG reporting is linked to financial performance. Numerous studies have shown a positive correlation between strong ESG performance and financial outperformance. Companies with robust ESG practices are seen as better equipped to navigate challenges, adapt to changing market conditions, and foster innovation. This connection between ESG and financial performance is prompting companies to view ESG reporting as a driver of business success rather than just a compliance exercise.

A notable aspect of ESG reporting is its influence on corporate behaviour. As companies strive to improve their ESG performance, they often implement policies and initiatives that align with sustainability goals. This can range from adopting renewable energy sources and reducing waste to implementing fair labour practices and supporting local communities. In essence, ESG reporting acts as a catalyst for positive change within companies, fostering a culture of responsibility and accountability.

ESG reporting also has a transformative effect on company-customer relationships. Modern consumers are increasingly conscious of the social and environmental impacts of their purchasing decisions. ESG reporting allows companies to communicate their commitment to sustainability and social responsibility, influencing consumer perceptions and building brand loyalty. Companies that transparently communicate their ESG efforts can gain a competitive edge in the market, attracting a growing segment of environmentally and socially conscious consumers.

B. Key Sustainability Indicators in the power sector

Power firms in India are finding that ESG reporting is becoming more and more important as it shapes their corporate strategies, improves transparency, and fosters sustainable practices. The power industry faces a variety of challenges. From community involvement to environmental issues. Reporting on sustainability in the power industry goes beyond carbon emissions and the use of renewable energy. It also covers the company social impact and community involvement.

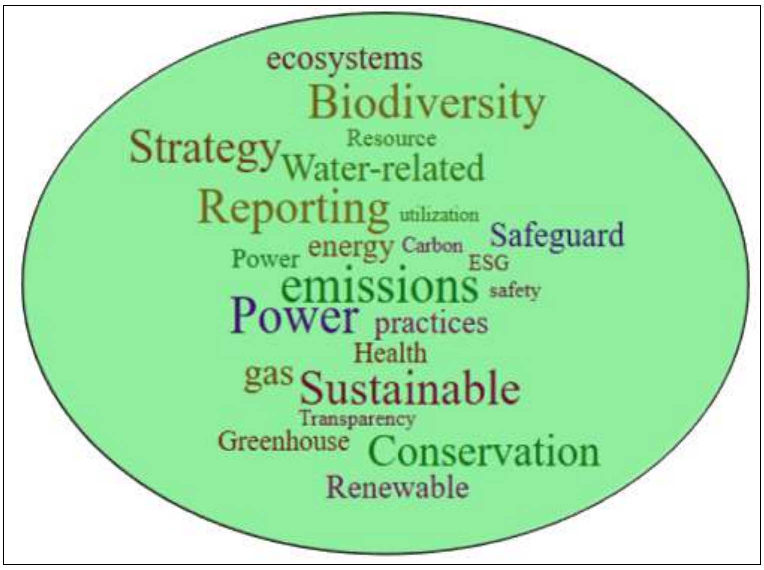

Fig 2: Key sustainability indicators in power sector- Compiled by researcher

Power firms demonstrate their dedication to minimizing their environmental impact by measuring and disclosing their carbon emissions. Energy efficiency indicators highlight initiatives to improve resource utilization and reduce greenhouse gas emissions. The proportion of renewable energy sources in an organization's energy mix is frequently highlighted in sustainability reports. This metric represents the company's commitment to moving toward cleaner and more sustainable power generation. Reporting on health and safety indicators is crucial for power firms because it shows their commitment to providing a safe working environment for employees and reducing occupational dangers.

Sustainability reports frequently contain metrics pertaining to regulatory compliance, ethical business practices, and governance frameworks. Companies provide information on their water usage, conservation efforts, and water-related risk mitigation strategies. Reports on biodiversity conservation are also provided by power corporations that own substantial amounts of land. This includes efforts to safeguard ecosystems, flora, and fauna within and surrounding their operational regions.

C. Significance of Sustainability reporting in the Power sector includes:

1. **Reduction of Environmental Hazards:** Indian energy businesses, who frequently struggle with the effects of their activities on the environment, can utilize ESG

reporting to methodically evaluate and reveal their carbon footprint, resource consumption, and environmental conservation initiatives. By doing this, businesses can determine areas that need improvement, establish goals for reducing emissions, and show that they are committed to addressing climate change. This proactive strategy not only aids in meeting regulatory requirements but also establishes the business as an environmentally conscious steward.

2. **Emissions Monitoring:** Sustainability reporting facilitates the measurement and documentation of pollutants' emissions by firms by environmental legislation, guaranteeing adherence to emission limits for greenhouse gases, particulate matter, and volatile organic compounds.
3. **Resource Consumption Tracking:** Sustainability reporting assists in reflecting details of consumption of resources like water, energy and raw materials and work with departments to implement strategies. This assists in minimizing the environmental impact of these activities, aligning operations with environmental standards.
4. **Improving Social Responsibility:** Power firms operating in diverse communities must consider social factors. ESG reporting offers an opportunity to showcase initiatives in inclusive business practices, stakeholder consultation, and outreach to the community. Power firms can establish trust with local communities, cultivate positive connections, and secure their social license to operate by openly reporting on topics including labour policies, workforce diversity, and community development projects.
5. **Developing Sturdy Governance Practices:** In the power sector, governance is essential, especially for businesses handling intricate regulatory frameworks and major infrastructure projects. Power firms can exhibit their dedication to moral corporate conduct, open governance, and compliance with regulations by using ESG reporting. Businesses can reassure stakeholders and investors about the strength of their risk management and internal control systems by disclosing governance indicators.
6. **Access to Capital and Investors:** Power businesses that adopt sustainable reporting stand to draw in a wider range of investors, including those who place a high value on moral and sustainable business practices, due to the global shift towards sustainable investing. These disclosures provide investors with critical information about the company's long-term viability, risk management, and commitment to good corporate citizenship. This, in turn, can lead to increased capital expenditure and strengthen the company's financial resilience.
7. **Advantage over competitors:** Power businesses can gain a competitive advantage in a market where customer decisions are increasingly influenced by sustainability factors by implementing sustainability reporting. Consumers who care about the environment are likely to support businesses that openly share their initiatives for renewable energy, environmental preservation, and community well-being. Positive perceptions can lead to increased market share and brand loyalty.
8. **Regulatory Compliance and Risk Management:** Stringent environmental and social requirements are becoming more prevalent in India's power sector. By staying ahead of regulatory changes, ESG reporting helps power businesses maintain compliance and reduce the possibility of fines. Additionally, by methodically evaluating and managing social and environmental risks, businesses can strengthen their ability to withstand unanticipated difficulties.
9. **Encouraging Innovation and Operational Efficiency:** Sustainability reporting drives powerful businesses to innovate and implement sustainable practices. Establishing goals for waste reduction, energy efficiency, and the use of renewable energy sources can help businesses cut expenses, increase operational effectiveness, and establish themselves as leaders in sustainable business practices.

Limitations

- The study focuses only on provisions related to sustainability and its application to power companies in India.
- It also restricts its analysis to sustainability reports of listed companies during 2022-2023 and 2023-2024.

Conclusion

The emergence of sustainable businesses is a major turning point in the business world. It encourages a comprehensive reassessment of business principles that give priority to both profit and purpose. This concept promotes firms to act as catalysts for societal and environmental change, upending the traditional perception of them as purely economic players. It redefines corporate social responsibility (CSR) and calls for a greater and more genuine commitment.

To encourage businesses to match their objectives with their social and environmental responsibilities, governments, business associations, and advocacy groups can provide incentives and official recognition. A conducive legal environment is essential to support the Companies concept and give legal protection for small enterprises. Promoting industry collaboration, standardizing procedures, expanding the reach of businesses worldwide, and encouraging a culture of continuous development are all essential to ensuring that this novel concept is successful and benefits companies, society, and the environment. A strategic reaction to the changing corporate environment is the emergence of sustainability reporting. Beyond simple compliance, it is a proactive approach that helps companies manage risks, draw in investors, improve financial performance, and support favourable social and environmental consequences.

To summarize, sustainability reporting provides numerous benefits for Indian power businesses, including a roadmap for sustainable development, strengthened stakeholder connections, and increased resilience in an ever-changing business environment. Incorporating sustainability considerations into business strategy allows power businesses to meet regulatory and investor requirements while also making a significant socio-environmental impact on the communities they serve.

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